

Office Memorandum • ~~UNITED STATES~~ GOVERNMENT

TO :

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DATE: June 12 1955

FROM :

SUBJECT: Comments on CEEP Staff Study #15, "Enhancing the Effectiveness of
CG/COCOM/CHINCOM" (Draft of 6 June)

1. This paper presents a scanty set of conclusions, almost completely devoid of supporting argumentation. In this respect it is a pretty weak effort if it purports to be an inter-Agency analysis and the best that the US government can produce.

2. The paper starts out well (Page 1) and correctly notes the absence of a common (multilateral) philosophical basis for a trade control system and also the disagreement in degree between the U.S. 'aggressive' concept and the 'restrictive' and 'non-aggressive' attitude of some of our Allies. The paper goes on to point out (usefully) the concepts which have bridged the gap between the U.S. and other positions, (although note that Communist China is not referred to, whereas it might well be associated with the USSR in "(1)" (bottom p. 1).

3. The balance of the paper intimates a series of recommendations, as follows: (to improve the operations of CG/COCOM/CHINCOM.)

- (a) greater bilateral discussions of policy rationale,
- (b) expanded use of exchange of experts,
- (c) interchange of intelligence information,
- (d) use of CG for discussions of broader economic E/W problems.

All the paper has to say about the foregoing is that "these positive approaches should be kept in mind and used wherever feasible."

4. The paper then recommends a "more fundamental strengthening", as follows:

- (a) The CG structure need no longer be considered a temporary, informal committee. The "long-haul" concept in COCOM "may well be construed as harmonizing CG with the long-haul purpose of NATO". The paper notes that another staff study (14) is assessing the possibility of amalgamation with NATO. (N.B. - Study #14 only raises the question, and does not succeed in answering it.)
- (b) "On the side of doctrine", it should be established that the complex of factors recognized in NATO as contributing to security are also directly related to the security objectives of E/W trade controls.

The paper concludes that this "more fundamental strengthening" by a direct association of the aims of the CG with NATO would leave the U.S. "at least

as well off in the trade control field as we are today", because "the system would become more stabilized, have greater dignity and permanence and be an integral part of the Western defense posture". Also the control level (whatever it might be) wouldn't be any lower, and inter-PC bickering might be subdued under the banner of 'security'.

5. My Evaluation

- (a) The four recommendations (see para. 3 above), for greater results from within the COCOM framework, appear unobjectionable. I think that we could say that CIA supported them (with the obvious limitation on how far in practice intelligence could be exchanged between countries).
- (b) On the COCOM/NATO theme, ^{suggests} the paper suffers from the same weakness as Staff Study #14. It ~~recommends~~ a course of action (amalgamation) but fails to present the pros and cons adequately. I think that we should say that CIA would be interested in assisting in a further analysis, by an inter-agency group, of this hypothesis, but we could not state a CIA position until that study was completed.
- (c) The paper is completely silent on improving enforcement as one means of enhancing the effectiveness of COCOM. N.B. that the CFEP Enforcement Paper (Staff Study #16) is pretty poor and confused in its present draft. However, I think that probably the technicalities of enforcement should be in that study rather than this one, and hence I recommend that our CIA position statement should limit itself to taking note that it is a basic U.S. objective that enforcement of controls should be continually improved and that any such improvement will necessarily improve the effectiveness of COCOM; accordingly, improving of enforcement of existing controls should be listed in Staff Study #15 as one of the means of enhancing COCOM.
- (d) The paper does not comment on the existence of the China List differential as a problem and irritant among the PCs. The removal of this irritant would naturally enhance the effectiveness of the group. In this (or some other) CFEP Staff Study, this problem must be wrestled with. It seems to me that there are two elements therein, namely: assuming the U.S. must agree to a list reduction (a) what should be the criteria for the exercise as applied to China, and (b) what should the U.S. seek to obtain in return for its concession of list reduction?

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CFEP DRAFTING GROUP
ECONOMIC DEFENSE POLICY REVIEW

Staff Study No. 15
Draft of June 6, 1955

Enhancing the Effectiveness of CG/COCOM/CHINCOM

This draft of Staff Study No. 15, dealing with the question, "How should the United States attempt to advance the degree of unity in, and the effectiveness of, the multilateral organization concerned with security trade controls?", is transmitted for your use in connection with the work of the CFEP Drafting Group on Economic Defense Policy Review.

In compliance with the request of the Chairman of the Drafting Group, the Executive Secretary, EDAC, is providing reproduction and distribution facilities as a service to further the work of the CFEP Drafting Group.

Irving I. Kramer
Executive Secretary

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CFEP Drafting Group

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ECONOMIC DEFENSE POLICY REVIEW

Staff Study No. 15

Draft of June 6, 1955

"HOW SHOULD THE UNITED STATES ATTEMPT TO ADVANCE THE DEGREE OF UNITY IN, AND THE EFFECTIVENESS OF, THE MULTILATERAL ORGANIZATION CONCERNED WITH SECURITY TRADE CONTROLS?"

Many difficulties confronting the United States and other countries associated in the CG structure for the past two years would have been avoided had there existed an agreed philosophy or justification for the system of controls against which individual problems could be assessed. The authority of such a "philosophy" would depend on its success in reflecting the essential objectives of trade controls in the light of the military, political, economic, psychological and moral aims of the Free World. In addition, it would help to make it possible for cooperating governments to explain its purposes simply and convincingly to dissident interests within their countries. With such an over-all concept to govern CG operations, its week-to-week problems would largely be technical.

Such a philosophy does not now exist. ^{foreign} The governments participating in the CG oppose in varying degrees anything resembling economic warfare. In contrast, the United States tends to favor measures as close as practicable to economic warfare as offering the greatest opportunity to impair the Soviet Bloc's industrial build-up. Certain concepts bridge this gap and are generally acceptable-- (1) the Soviet Union is a potential aggressor; (2) it is in the common interest of the West to hamper the war making potential of the Soviet

Union; (3)

^{Communist} and China has been an actual aggressor
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Union; (3) any efforts to do so can only be effective to the extent that they are uniform among as many important industrial and trading countries as possible. We have built our trade control program on the basis of such generalities, but even these have never been precisely defined.

Notwithstanding lack of an agreed doctrine the United States, in fact, has been able on a pragmatic basis to obtain a reasonably satisfactory degree of control over most of the items it considered particularly important.

However, today many items the United States considers strategic are free of controls and certain countries would like to see even a lower level prevail, particularly towards China. The program today is at best static and more probably is moving in the opposite direction from that which we desire. The

Recommendations: operations of the group could probably be improved through greater bilateral

1. discussions of the reasons behind our policies—both broad and on specific
2. issues—and the expanded use of the exchange of experts between countries,
3. inter-change of intelligence information, and the use of the CG for discussion
4. of broader economic problems of an East-West nature (e.g., Western coordination before an ECOSOC or ECE meeting). These positive approaches should be kept in mind and used wherever feasible. However, it would seem incumbent upon us to
5. accomplish a more fundamental strengthening if the effective operation we desire is to develop. A basic doctrine which all PCs could accept and which could accommodate the necessary strengthening we believe essential, therefore, remains an essential requirement.

6. The CG structure has proved its desirability and, now that it is on the "long-haul" basis, need no longer be considered a "temporary, informal committee" as it was during the initial days. Although there may have been no explicit and conscious effort to do so, the change to the "long-haul" concept which the

CG made

CG made last summer may well be construed as harmonizing CG with the long-haul purpose of NATO. Our difficulties in CG could be reduced by recognizing this doctrinairely and institutionally.

5.

On the side of doctrine, it should be established that the complex of factors recognized in NATO as contributing to security, are also directly related to the security objectives of East-West trade controls. NATO has come to recognize that Atlantic Community security is the result, in combination, of:

- (A) Arms build-up;
- (B) Economic growth of the West;
- (C) Increased domestic welfare of the Western populations;
- (D) Acceptance of a common concept of danger;
- (E) Acceptance of the overriding necessity of Western economic and political unity;
- (F) Frank recognition of the mutuality of Atlantic Community interdependence which is expressed in:

- 1. Mutual self-criticism in the NATO Annual Review Committee and elsewhere;
- 2. Sharing of resources, e.g. MDAP;
- 3. Reconciliation of differences by recurring Ministerial Decision.

- (G) Rejection of the "Simple Answer" to the problem, e.g. the Hydrogen bomb, reliance on air power alone, resort to economic warfare, etc.

7.

As to institutional change, the lack of German and Japanese membership in NATO previously has seemed to make impractical any attempt to join the NATO and CG together. However, now that Japan represents the only membership obstacle, the

obstacle, the problem is worthy of reassessment (the subject of a separate paper).

There is every reason to believe that at the very worst the United States would at least be as well off in the trade control field as we are today, if CG's aims could be directly associated with NATO's. The system would become more stabilized, have greater dignity and permanence, and be an integral part of the Western defense posture. Whatever control level we might reach in such a stabilization could not be any lower than we would have to agree to multilaterally, regardless, and it is conceivable that under the guiding terms of the NATO alliance, the less easily proved strategic items might be given the benefit of the doubt. The other PCs presumably would also prefer proceeding from broad nationally agreed principles of security to constant bickering—often at very high levels—over what they consider to be relatively minor issues when viewed from the broad perspective. For the short term, no major change would occur by the adoption of a NATO outlook; the constant whittling away at the program could cease and the entire structure would conform—upwards or downwards—with the rest of the defense posture of the Atlantic Community.

When, and if, CG falls within the NATO concept, we must recognize that, like Defense appropriations (which go up and down in response to changes in some or all of the forementioned factors) East-West trade controls will do likewise. But in so doing, they will be underlining the mutuality of the problems faced by all the PCs. To attempt to keep the controls isolated from changing conditions—either by the United States or other countries for differing reasons—would ultimately destroy the collective nature of the program upon which its effectiveness basically depends.